

DRAFT
MEETING MINUTES OF THE
UNDER 50 MEDICARE SUPPLEMENT PROGRAM BOARD
Thursday, August 22, 2002

Board Members Present:

Victor Shulman – Public Member
Carol Keating – Public Member
Pam Bishop – Mutual of Omaha
Sam Sandella – United HealthCare Insurance Co.
Sandi Kelly – Horizon Blue Cross/Blue Shield of NJ
Rebecca Smart – Central States Health & Life Co.

Others Present:

Debbie Breslin – State Health Insurance Assistance Program
Bob King – Department of Banking & Insurance
Dotti Outland – United HealthCare Insurance Co.
Neil Vance – Department of Banking & Insurance
Bill Waits – Department of Banking & Insurance

The New Jersey Medicare Supplement Under 50 Board meeting was held in Trenton, New Jersey at 10:00 a.m. on Thursday, August 22, 2002.

(1) Rebecca Smart, Board Chair, called the meeting to order and introduced and welcomed Sam Sandella, who will be the new representative of United HealthCare. Sam replaces Chris Palme-Krizak. The replacement board member from Oxford Health Plans has not yet been named.

(2) Board Minutes

The minutes from the May 3, 2002 conference call were approved with one change under number 4, adding that the Pool Administrator bill of \$21,125 was for services provided in 2000 and 2001.

(3) Program Background

Deborah Breslin, Program Director, State Health Insurance Assistance Program (SHIP) and Victor Shulman, Public Member, took a few minutes to bring the group up to date on the background and history of the Under 50 Program.

(4) Program Review

➤ Enrollment Numbers

Current (7/02) enrollment in the Program is 847. This represents a large enrollment spike from 12/01 to 7/02, 665 to 847 or 27% increase. Almost 54% of members are between ages 40 – 49.

There are 7 members over age 60 which should be an impossible situation. Sandi Kelly, Horizon, will investigate.

➤ **Claim Profiles**

The 2001 loss to Horizon Blue Cross/Blue Shield of NJ is \$1.2 million. The preliminary estimated loss for 2002 is \$1.4 million.

➤ **Program Guideline**

Rebecca Smart reported that the Program Guidelines had been approved by the Commissioner and were now in effect. Bill Waits reported that the Department of Banking and Insurance will be drafting changes to the state regulations which address Medicare Supplement coverage including those which address this Program. The changes will attempt to bring New Jersey's regulations up to date with the latest federal guidelines (guaranteed issue). The Board discussed that the Guidelines for this Program do not follow the federal law in all respects due to the nature of the Program. Federal law is not applicable to medicare supplement coverage for individuals under age 65, so the Program has the flexibility to design its Guidelines to reflect the goals and objectives of the Program. However, many of the Federal requirements are part of the Program Guidelines. The Board offered to review the draft language before it is published for comment. Once drafted, the changes will be submitted to the Commissioner for her signature.

➤ **Customer Issues**

There are no customer service issues or complaints to report.

(5) **Financial Review**

➤ **Financial Statements through 7/31/02** — Rebecca Smart discussed the Program's balance sheet as of July 31, 2002. The Program has \$343,997 in cash on hand with the following liabilities and members accountability:

\$206,451 Horizon BC/BS payable for 2000 losses
\$ 40,800 Audit fees
\$ 3,500 Administration fees payable
\$ 98,246 Members accountability (a surplus)

The Board discussed the Members accountability amount. It was not clear what the basis of all of the amount is, and Rebecca will follow up with Pool Administrators to clarify.

Additionally the Board discussed the fact that no interest was earned on the money being held by the Program. This discussion included questioning whether any interest that might be earned would belong to the Program for use to reduce future assessments, or if interest would belong to the state. Rebecca is going to follow up with Pool Administrators to determine what steps could be taken to have money held earn interest. The Department representatives are going to review the question of who (the Program or the State) would have a right to interest.

➤ **Approval of Payment to Pool Administrator**

The Board authorized payment of \$3,725 which represents \$3,500 assessment plus \$225 administrative expenses to Pool Administrators Inc. The Board Chair will approve the bill for payment processing.

➤ Status of Approval of 2001 Losses

Neil Vance, Department of Banking and Insurance reported that he is working with Horizon to resolve a question on the investment income and that the losses will be submitted to the Commissioner as soon as that issue is resolved. After discussion regarding the timing of assessments Rebecca Smart and Sandi Kelly were asked to review the Plan of Operations to determine if, in the future, assessments can be made based on preliminary information.

➤ Status of Audit

Rebecca Smart received a bid of \$60,000 from Price Waterhouse Coopers (Xing Zhou lead auditor) to perform the 2000 and 2001 Program audit. This was approved by the Board.

➤ Pool Administrators Contract/Fees

Current fees charged by Pool Administrators is \$7000/year plus expenses. Ms. Smart received a proposal for a flat annual fee of \$10,500, beginning in 2003. Approved by the Board.

➤ Proposal for 2001 Assessment

The 2001 Assessment is dependent on the Commissioner's approval of the Program Losses. Additionally, there are questions regarding some of the Market Share Reports filed by carriers for 2001. Neil Vance had compared the Program's reports to those submitted by carriers on other state reports. There were a number of significant variances. Rebecca Smart will work with Pool Administrators to review the discrepancies and follow up with carriers as needed. With these outstanding issues, the Board determined that it was best to wait to finalize a proposed assessment. A Board meeting will be called when the issues have been resolved.

(6) Other Matters

➤ The Board reviewed the Market Share Reports. There appear to be some discrepancies. Ms. Smart will ask Pool Administrators to reconcile.

➤ Victor Shulman made the point that the program is not well publicized and recommended that a communication plan be developed to aid beneficiaries. A follow-up discussion will be held to try to develop a communication plan.

➤ The Board discussed having at least one meeting per year in Trenton with all members present. The balance of meetings via teleconference.

The meeting was adjourned. Ms. Smart will determine the timing for the next meeting.